

MILLS: 7 ways to pull start cord on sputtering Nova Scotia



Don Mills offers a seven-point plan to advance Nova Scotia's economy. (STAFF / File)

As the Ivany commission made clear, it is “now or never” in terms of addressing the economic challenges facing Nova Scotia. Yet the silence from the One Nova Scotia Coalition, charged with determining a plan of action regarding the economic future of the province, has been deafening since it was formed three months ago.

Time is of the essence, yet a sense of urgency is missing. So here are a few recommendations — a seven-point plan for the coalition to urgently consider, on how to advance our economy:

Retain our youth: extend payroll rebates

The provincial government terminated the Graduate Retention Program, which was costing nearly \$50 million per year. I agree with this decision. While this program helped reduce the taxes of new graduates, it did little to retain them.

Nova Scotia does not have a problem finding graduates who'd like to remain here; it has a problem finding graduates economic opportunities to stay. One solution is to extend the payroll rebate program to small and medium-sized Nova Scotian companies.

Every small and medium-sized company would receive the same rebate offered to much larger national companies like IBM and RIM to create new jobs by targeting new post-secondary graduates. The \$50 million spent previously on the Graduate Retention Program could create up to 5,000 new jobs for young graduates every year (assuming a \$10,000 rebate per job). Rebates would only be paid at the end of the first year of employment and would only be for newly created positions, not replacement jobs.

Educate the world: triple foreign student enrolments

One of Nova Scotia's greatest assets is its post-secondary education system. While there have been persistent calls to merge institutions and rationalize the number of universities, I strongly disagree.

Currently, there are 6,000 foreign students attending university in Nova Scotia. Each spends nearly \$30,000 per year for the privilege to study here. There is capacity to accommodate many more foreign students, especially given the decline in Atlantic region school enrolments. Let's mandate the universities to become educators to the world by doubling, or even tripling, the number of foreign students.

Every thousand foreign students adds \$30 million to our economy. These students also represent the best immigration attraction opportunity for Nova Scotia.

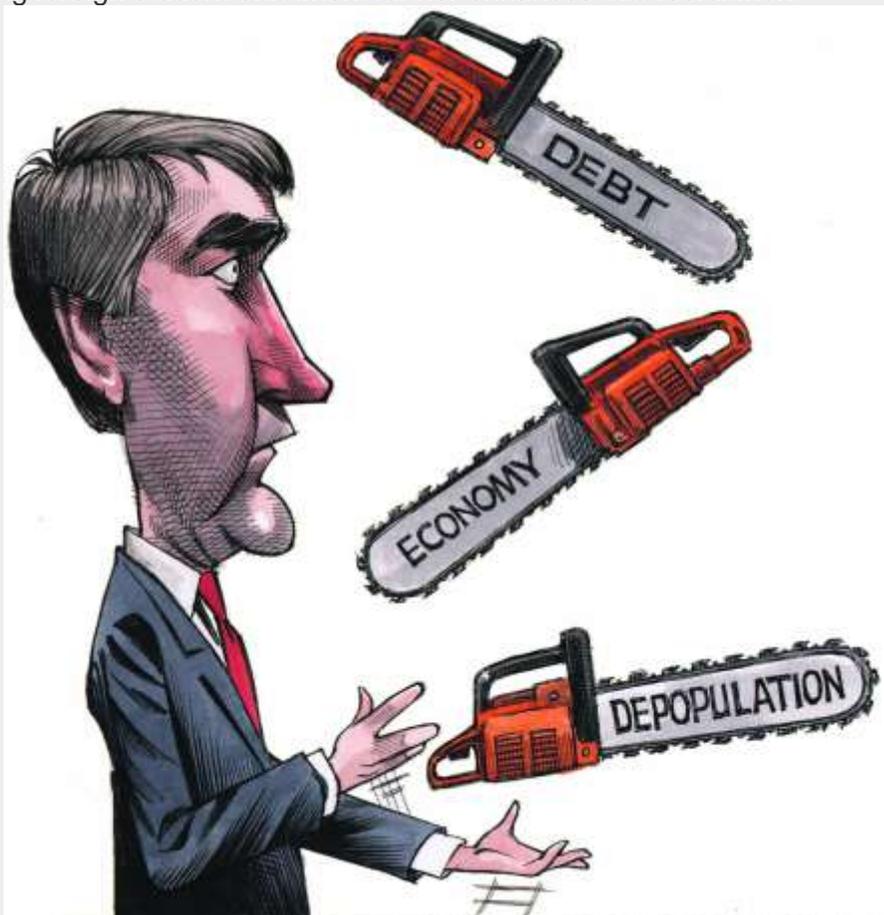
Increase the population

By 2030, Nova Scotia will have 100,000 fewer people of working age and 100,000 more people requiring higher levels of health care. Where will the replacement working-age people come from?

There is little or no population growth across Atlantic Canada. Both Nova Scotia and New Brunswick lost population last year. It was also the first year more people died than were born in

Nova Scotia. This requires a regional approach, especially in getting the federal government to open up immigration caps for the region.

We must also focus on retaining foreign students. Our research conducted for the Atlantic Association of Universities demonstrates that more than 60 per cent of foreign students studying at universities would like to remain in Canada after graduation. Let's make this happen by having an expedited process to prepare those wishing to remain in Canada after graduation. It would include work placements, enhanced language training and application processing. Increasing foreign student enrolment further enhances this recruitment



channel.

Create urban-centered economic zones

Like the rest of the region, Nova Scotia has a significantly higher proportion of its population living in rural communities, those with a population of less than 5,000. In fact, 45 per cent of Nova Scotians live in rural communities, compared with 19 per cent nationally. It is much more

costly to deliver services such as health care and education to a widely dispersed population (think of Internet service) and to generate sufficient jobs to support those living in small rural communities.

Eight communities in Nova Scotia qualify as urban: Halifax, Sydney, Truro, Bridgewater, Amherst, New Glasgow, Kentville and Yarmouth. Each offers a reasonably stable local economy, good health and post-secondary education institutions, strong retail and professional services. Concentrating on growing these hubs and providing services there is the best way to grow the economy across Nova Scotia and support those living in surrounding rural communities.

More than 90 per cent of Nova Scotians live within 50 kilometres of one of these eight urban areas, a reasonable commute for public services and jobs. A provincial economic strategy should focus on each of these hubs as the centre of an economic zone in Nova Scotia.

Build an entrepreneurial environment

Our research has shown that Nova Scotians do not hold the business sector in particularly high esteem. Decades of over-reliance on governments has likely led to these negative attitudes. Understanding of the role of the private sector needs to improve and one way to do that is incorporating business education as a core curriculum subject in public schools.

Knowledge of finance, human relationship skills, marketing and economic issues are really life skills of value to every student. Understanding the roles and opportunities of the private sector may increase the appeal of business and entrepreneurialism and could result in more young people pursuing this career option.

Rebalance the workforce

The number of public sector jobs in Nova Scotia, relative to the Canadian average, is significantly higher as a percentage of the workforce (28 per cent vs. 21 per cent, according to Statistics Canada data). This has a negative impact on economic growth and explains lower GDP growth in Nova Scotia and other Atlantic provinces over the last three decades.

The private sector creates economic prosperity through the sale of goods and services and a proportionately smaller private sector hurts economic growth. Nova Scotia needs to rebalance its workforce to increase economic activity by outsourcing some non-essential work performed by government.

For example, Ontario has been outsourcing diagnostic medical testing to the private sector for decades (a similar proposal is being promoted for Nova Scotia) and has outsourced about half of its Service Ontario operations to the private sector with an accompanying 50 per cent increase in productivity.

Develop a regulatory environment to allow resource development

Natural resources have been and will continue to be the key to economic prosperity in Canada. We must develop a regulatory environment for the sustainable and safe development of our natural resources, including oil and gas, mining, fishing, aquaculture, agriculture and forestry.

Unless people are prepared to have a considerably lower standard of living, with fewer public services, a regulatory environment that is considered by the public to be appropriate and rigorous enough to protect the environment is critical to address concerns such as those related to wind farms, fish farming, fracking and pulp production.

Don Mills is chairman and CEO of Corporate Research Associates.